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SUBJECT: GOI SHOWS RENEWED INTEREST IN OPIC NEGOTIATIONS

This cable contains an action request (paragraph 3)

¶1. (SBU) On Friday July 25, OPIC Acting General Counsel Robert O'Sullivan completed a successful round of exploratory discussions with Government of Indonesia (GOI) officials on updating OPIC's Investment Support Agreement with Indonesia. GOI officials requested OPIC to propose a revised version of the agreement incorporating points raised in these discussions. Upon reviewing the draft, the GOI will determine whether to enter into formal negotiations with the U.S. to update the agreement. The GOI's lead negotiator, DEPLU Director for North and Central American Affairs Bunyan Saptomo, told O'Sullivan that the GOI would be prepared to pursue an aggressive timetable of negotiations with the intent of completing the agreement as a Comprehensive Partnership deliverable for a likely U.S. Presidential visit in November.

¶2. (SBU) OPIC and GOI officials have agreed to a tentative negotiation schedule in anticipation of an affirmative decision by the GOI to formally enter Investment Agreement negotiations. OPIC officials would be invited to Indonesia mid-August for the first round of negotiations, followed by a visit of GOI officials to the U.S. at the end of August. OPIC officials would return to Indonesia in mid-September for a third (and possibly final) round. The negotiations would likely focus on four general areas raised during the exploratory talks: the foreign government approval process, coinsurance, taxation and dispute settlement. Bunyan indicated that the GOI would consider committing to an English-language version of the agreement to expedite signing and avoid the need to certify translated texts. O'Sullivan and Bunyan both agreed that based on these exploratory discussions, U.S. and GOI positions on these issues may be reconcilable.

¶3. (SBU) ACTION REQUEST: We encourage State/L to respond soonest to inquiries from OPIC officials on the revised draft Investment Support Agreement so as to expedite the GOI's decision process on entering negotiations. Should the GOI and the U.S. successfully complete this agreement, Post recommends OPIC consider hosting a regional investment conference in Indonesia in Spring 2010. This conference would then be announced as a joint deliverable along with the updated agreement as part of a possible U.S. Presidential visit to Indonesia in November.

¶4. OPIC Acting General Counsel Robert O'Sullivan cleared on this cable.

HUME